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UK, state colleges try to absorb cuts while bracing for more

By Ryan Alessi - ralessi@herald-leader.com

At this week's town-hall style meeting with students, University of Kentucky President Lee T. Todd Jr. told the 25 coeds gathered in the Cats Den that the university would have needed a 6.5 percent tuition increase next year just to keep up with rising costs.

Instead, UK kept to the Council on Postsecondary Education's 5 percent tuition increase cap for the 2009-2010 year.

Todd said UK officials hope to shield cash-strapped families — as well as academic programs — from as much of the financial burden as possible in tuition, room and board.



Mark Cornelison | Staff

Mark Cornelison | Staff - University of Kentucky President Lee Todd, listened as Athletics director Mitch Barnhart talked about the terms of the contract for John Calipari who was introduced as the new head basketball coach at the University of Kentucky on Wednesday April 1, 2009 Lexington ,Kentucky. Photo by Mark Cornelison | Staff

"But the budget and the national situation is really ugly," he told them. Todd followed that up with an e-mail to faculty, students and staff alerting them that UK employees won't get raises for the second consecutive year.

"I regret that salaries will not go up, but we are taking these steps to try to keep people's pay from going backwards," Todd wrote.

While Todd has stopped short of predicting deep cuts for next year, he hinted at the difficult decisions administrators and UK trustees have ahead as they try to cope with rising costs for items like employee health care and energy.

At the same time, state universities have been smacked with a series of state funding cuts, including two huge hits in 16 months.

That might not be over.

Other public universities are building in 2 to 4 percent cushions in their budgets for next year in anticipation of more state funding reductions.

UK's proposed budget for next year — which will be in the neighborhood of \$2 billion — is still in the works. Mira Ball, chairwoman of the UK Board of Trustees, said officials are looking at "all kinds of scenarios," including how to handle more state funding cuts.

Kentucky colleges and universities most recently took a 2 percent hit this spring. The cut was ordered by Gov. Steve Beshear as officials in Frankfort cope with an estimated \$456 million shortfall this fiscal year, which ends June 30.

Todd, in his e-mailed budget memo, said UK's administration will absorb the entire 2 percent cut, which amounts to \$6.3 million.

That will be shared by his office, Provost Kumble Subbaswamy and Frank Butler, UK's executive vice president.

UK spokesman Jimmy Stanton said the cuts won't include staff layoffs. Details of how those offices will slash the \$6.3 million weren't available, although Todd said the reductions will likely be permanent cuts.

That will only increase the challenge of trimming the budget next year if the state yanks back some of the roughly \$300 million it is expected to send UK.

"Repeated cuts in state appropriations already have forced the university to undertake a long list of actions to reduce spending and avoid future cuts," Todd wrote. "Everyone watching the institution needs to know that we are a lean operation — we implemented the easy solutions a long time ago."

Todd also used the message to again stress that the roughly \$32 million being paid over eight years for new UK basketball coach John Calipari comes out of the separate athletic budget that doesn't use state or tuition money.

Bracing for the worst

University and college presidents have been warned by Beshear and other state leaders that Kentucky's budget will likely face another shortfall of hundreds of millions of dollars for the fiscal year that begins in July.

"I firmly believe that state revenue will be down, so we have to be prepared," Kentucky State University President Mary Evans Sias recently told KSU trustees.

At a March 20 special meeting of the KSU trustees, Sias outlined the university's own budget shortfall of more than \$3 million for next year, even with a 4 percent tuition increase. She asked the trustees to begin to think of what must be preserved and what can take cuts before they meet to vote on the budget later this month.

"We, in higher education, are going to have to make some sacrifices," Sias said. "We at Kentucky State are going to have to make sacrifices."

Sias said KSU officials are building in 2 percent of the school's budget as a cushion for a cut in state funding next year. The school has a total budget of more than \$50 million and receives less than \$20 million in operating money from the state, according to its 2008-2009 budget.

At Northern Kentucky University, officials are expecting a cut in state funding of 2.7 percent next year, said NKU President James C. Votruba.

That will mean reducing costs even after raising tuition 4 percent.

"Four percent tuition will cover fixed costs with no salary increases and no investments in high-demand programs," Votruba said. "It allows us to do a few other things but it's basically just helping us break even."

NKU will likely eliminate a couple academic programs to shift the university's emphasis and resources to other high-demand programs, he said.

"But I'm not prepared to talk about that yet," he said, adding that next year's budget isn't finalized yet.

"When you confront decisions like this, it does force you to clarify what is most important in the mission of the university," he said.

Lean year for staff

Within the next few weeks, most state universities will be finalizing their budgets. The staff and faculty wage freezes being forecast by NKU and UK leaders could be duplicated across most of the state.

Several KSU trustees said at the March meeting they could support a plan that doesn't raise salaries if it helps avoid layoffs.

"What we hope to prevent is the kind of catastrophic layoffs like what you've seen at the private," historically black colleges, such as 70 positions cut this year at Clark Atlanta University, Sias said.

At UK, Mira Ball said a second year of wage freezes will be tough on the university community.

Todd, in his message to the university on Thursday, urged students and staff to stand fast against the brutal economic tide.

"When the crisis subsides — and it will subside — our university will stand stronger than before," Todd pledged in his e-mail. "The University of Kentucky may be battered, but we are unbowed."

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